



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO CHANGE FOR AQUILA, INC. d/b/a AQUILA NETWORKS---- MPS UNDER SCHEDULED WINTER NATURAL GAS FILING

Jefferson City (November 18, 2004)----To reflect estimated changes in the cost of natural gas for the winter season as well as changes to the Company's Actual Cost Adjustment (ACA) factor, Southern System natural gas customers of Aquila, Inc. d/b/a Aquila Networks-MPS will experience an increase in natural gas rates under a filing reviewed and accepted by the Missouri Public Service Commission. This rate change, which will take effect on November 20, 2004, is interim subject to refund.

The ACA is a mechanism which tracks actual natural gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred over the last 12 month period.

A residential customer currently pays \$0.64257 per Ccf (100 cubic feet of gas). Under this filing, the rate will increase to \$0.87191 per Ccf, an increase of approximately 22.9 cents per Ccf. The effect on a residential customer using 888 Ccf's during the winter season (November through March) is an increase of approximately \$203 (total for the five month period) when compared to the rates currently in effect.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Aquila, Inc. d/b/a Aquila Networks-MPS serves approximately 32,000 natural gas customers in its Southern System which includes the Missouri counties of Pettis, Platte, Cooper, Ray, Henry, Saline, Johnson, Vernon and Lafayette.